No Rivals: The Kingdom (Part IV)

Founders Fund's power spans Silicon Valley, the Pentagon, and the White House. Can it remain singular as others mimic its moves?

MARIO GABRIELE

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"Mario provides in-depth, never-gets-old insights from leading technologists of our age and packages them in a creative, friendly format." — Alexander, a paying member

Illustration by Edmon de Haro

Friends,

The end is upon us.

In the final edition of "No Rivals," we examine the full reach of Founders Fund's power, spanning Silicon Valley, the Pentagon, and the White House. No other firm has played a larger role in tech's rightward shift or the country's growing techno-militarism. Those efforts have been driven by Founders Fund's unusual (and strikingly successful) approach to incubation, a process that has yielded the $30.5 billion Anduril, space manufacturer Varda, and nuclear startup, General Matter.

We conclude with a distillation of Founders Fund's "House Style" and an in-depth look at its performance. This includes a position-by-position analysis and represents the most detailed accounting of the firm's returns ever reported.

If you haven't started "No Rivals" yet, you can now read the entire series front to back:

- Part I: The Prophet
- Part II: The Disciples
- Part III: The Gospel
- Part IV: The Kingdom (below)

The response to this series has been overwhelming. We've heard from so many of you that "No Rivals" is one of your favorite works from The Generalist.

- *"Mario Gabriele pulls back the curtain on Founders Fund's incredible rise and why they think so differently. Add this to your weekend reading list!"*
- *"I've been literally obsessed with the PayPal Mafia for many years now, but this deep dive into Founders Fund does feel like the cherry on top!"*
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Previously on No Rivals...

Silicon Valley's philosophical trinity consists of three prophets: Marc Andreessen, Paul Graham, and Peter Thiel. Of the three, Thiel wields the greatest influence. His once-arcane positions on democracy's failings and American militarization have become mainstream in tech.

Thiel's intellectual power stems from an unusual mind, defined by reflexive contrarianism and a willingness to follow thoughts into forbidden territories.

With the assistance of Chief Marketing Officer Mike Solana, Thiel has used these qualities to manifest considerable soft power. Founders Fund's cultural weapons include "Zero to One," Silicon Valley's philosophical manifesto, and the Thiel Fellowship. Recent initiatives like Hereticon conferences and Pirate Wires media have extended its sway.

Throughout the 2010s and into the 2020s, Founders Fund built true cultural influence. But could it use that power to build the future it preached?

Part IV: The Kingdom

Cracks in the meritocracy

There are other, louder indicators, but a telltale sign that a venture capital firm is out of ideas and running to fat is when it launches an incubation strategy. Frustrated with high prices or insufficiently interesting opportunities, managers follow a logical path:

Instead of waiting for the next billion-dollar business to walk through our door, why don't we just build one? How hard could it be?

That so few great companies have arisen from venture incubations answers the question. Outside of Snowflake, there's a paucity of truly colossal companies that have grown out of this model within the past couple of decades. (Though programs like Y Combinator are occasionally referred to as "incubators," they do not operate the same way, giving founders with existing early-stage businesses capital and guidance, rather than conceiving of an idea in-house and hiring management to build it.)

Founders Fund is an improbable exception. Its religious belief in the importance of outlier founders could have conflicted with the plug-and-play approach many incubations take; the next Mark Zuckerberg will not join a pre-made company as an outside CEO.

It has no dedicated program guiding its approach. And yet in Anduril, it functionally incubated one of the most consequential companies of the past decade. In Varda and General Matter, it appears to have two other highly promising businesses coming down the pike. (It also deserves partial credit for Palantir, given Thiel's involvement as co-founder and first backer, but as we've noted, its origins predated the firm.) The introduction of this strategy owes much to the arrival of Trae Stephens.

There is something of the Paul Bunyan in Stephens's story, renovated for the modern era. He was raised in rural Ohio, thirty miles northeast of Cincinnati, in a log cabin his father had built entirely with his own hands. His mother, a "salt-of-the-earth Midwesterner," worked a series of jobs to help support the family, taking positions as an executive assistant, librarian, and math teacher during his youth. They lived paycheck to paycheck much of the time.

Though Stephens's father had no college education, he'd built a career for himself as a roller-coaster engineer, a less unusual job than you might think in that part of the country. "You know there's those T-shirts that say, 'Virginia is for lovers,'" Stephens said, referring to the state's popular slogan. "Well, the Ohio shirt is 'Ohio is for coasters.'"

His father's job brought enviable perks for the young Stephens. "We grew up going to amusement parks constantly," he recalled. "We were the weird family that didn't have to pay for anything. My dad would take me to work with him and I'd ride all the rides before the park opened."

How Anduril Is Reimagining the Defense Industry: Faster Tech, Ethical AI, and a New Kind of Deterrence | Trae Stephens (Co-Founder & Executive Chairman, Anduril)

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Beyond reveling in the screaming drops and loop-de-loops of Kings Island and Cedar Point, Stephens developed an early passion for reading. "From as early as I can remember, the last hour of our night every night was my whole family sitting in the living room reading in silence," he said. "As a parent now, I ask myself, 'How did my mom and dad pull that off?'" That developed into a love of writing, which Stephens leveraged to write puckish columns as editor of his high school paper. (*Is that Peter Thiel's leitmotif playing?*)

"I got into a bunch of trouble trolling people," Stephens said, recalling one particularly controversial edition of his "Politicks" column on how poorly mental health drugs performed compared with placebos. "I was stirring the pot probably too much for a 17-

year-old in rural Ohio. People thought I was saying that mental health isn't real. My principal had to talk to me about staying in the box after that."

Stephens envisioned a future as an intrepid investigative journalist working for a leading international publication, and applied to the universities best-known for grooming such talent.

On September 11, 2001, his plans changed. "It happened on a dime," he said. "I was sitting in my principal's office watching the footage and I just blurted out, 'I want to do something in service to the country. I don't think I want to do journalism anymore.'" Instead of Columbia or Northwestern, Stephens now dreamt of going to Georgetown and building a career in the public sector.

There was only one problem — he was rejected. His pain was compounded when on the same day that he received the "skinny letter" from Georgetown, his high school girlfriend broke up with him. Rather than crush Stephens's spirit, the double rejection seemed to ignite something in him. And so when his mother suggested he fly to Washington, D.C., and try to convince the university's admissions officers to let him in, Stephens felt motivated enough to give it a shot.

That led to him sitting on the steps outside of the admissions office, clutching a stack of recommendation letters he'd collected from high school teachers. "I literally just sat there and said, 'I'm not leaving until I speak to the Dean of Admissions.'" Stephens admits that it would make for a more dramatic story had he been left idling for hours, ideally overnight.

In reality, it took about thirty minutes for the dean to bring him in and ask, one imagines with the exhaustion of someone who has just told tens of thousands of dreaming students "no," "What do you want?"

Stephens made his pitch, stacking his envelopes on the table between them. "I said, 'I don't know what else to do. I really want to go to school here. I have literally perfect standardized test scores, I've never gotten a B in my entire life, I'm valedictorian of my high school class and a three-sport varsity athlete. I don't understand."

Stephens recalled the dean's sigh and the precise words he uttered next: "You have to understand, there are cracks in the meritocracy."

Stephens left with his name at the top of Georgetown's waitlist. He got in. That fall, he started school in the nation's capital, going on to major in Middle Eastern Studies.

In the years that followed, he leveraged the school's network to begin his career in the public sector and intelligence communities, working for Afghanistan's D.C. embassy while at school. "I had a very close personal relationship with multiple members of the Karzai family," Stephens said, referring to former president Hamid Karzai. "It was a crazy experience to have as basically a teenager. The most important international relationship of the early 2000s was with the transitional government of Afghanistan. To accompany the president of Afghanistan to meetings at the White House and read through briefing books with him was wild."

After graduation, Stephens joined the staff of Ohio Senator Rob Portman, before moving into the intelligence community, where he sat "in the basement of a concrete building doing natural language processing" for two and a half years. His knowledge of Arabic and self-taught coding skills made him an asset to the agency in question's computational linguistics efforts.

It was in that seat that Stephens saw an early demo of Palantir. Immediately, he recognized its value. "I went back to my team and said, 'This would save me so much time, probably a day a week of work.'"

Despite his urging, Stephens was unable to get his higher-ups to consider adopting the software. Frustrated, he reached out to the Palantir executive who had given the demo, future CTO Shyam Sankar. "I said, 'I hope you're not wasting your time; this isn't going anywhere. I've been trying to fight the battle internally."

Sankar was unfazed. "Shyam just responded, 'LOL'" Stephens said. The Palantir executive then followed it with a question: "I'm not trying to push my luck, but what are you up to?"

Palantir CTO Shyam Sankar (Shyam Sankar)

Not long after, Stephens found himself standing in Palantir's Palo Alto workspace, dressed in a suit, tie, and cufflinks. Meanwhile, Sankar had just spent the night sleeping on a cardboard box in his office. "He still makes fun of me for it," Stephens said. A whirlwind few hours followed, with Stephens meeting Palantir CEO Alex Karp and future Anduril co-founder Matt Grimm. When Stephens received a job offer at the end of the daylong gauntlet, he accepted on the spot.

Stephens spent nearly six years at Palantir, participating in its maturation from fledgling startup to a mature growth-stage business serving Western-allied governments around the world. It was during that spell that he was acquainted with the company's first investor, Peter Thiel, though Karp delayed introducing the pair for as long as he could muster.

"About two years into my time at Palantir, I had this conversation with Dr. Karp, I forget what about," Stephens said. "I asked him a question about Peter and he said,

‘Trae, I’m never going to let you meet Peter.’ I was like, ‘Oh. That’s weird. Why?’ And he said, ‘If you meet Peter, Peter will like you too much and he’ll try to poach you, and that will be that.’”

For two years, Karp managed to keep Stephens out of Thiel’s clutches, but in 2012 the pair met. A friendship quickly formed. “We just really hit it off, and every time he was on the East Coast, we’d get together and have breakfast,” Stephens recalled. Their shared Christian faith was a particular point of connection, as were their voracious reading habits. “Peter loves talking about deep theology stuff. He would assign books for me to read before the next time we got together. We really connected over that stuff,” Stephens said.

As Karp had prophesied, a job offer followed. In March 2013, Thiel told Stephens that his venture firm was closing in on its first billion-dollar fund and he wanted him to join. “He was my boss, the co-founder of the company I worked for, so it was not at all clear if it was an order or an offer,” Stephens said. Nevertheless, he agreed to meet with Founders Fund’s team, connecting with Lauren Gross, Brian Singerman, Mike Solana, and Geoff Lewis while they visited New York.

“It was a disaster,” Stephens said of that first meeting. “Lauren was like, ‘Why am I talking to you?’ And I said, ‘I don’t know, Peter told me to talk to you.’ Then she asked, ‘Why are you interested in venture capital?’ and I was like, ‘To be honest, I’m not really.’” It made for an awkward encounter.

Perhaps because of that, it took nine months for Stephens’s offer to arrive. With typical theatricality, Thiel officially sent it over on Thanksgiving Day, 2013. Stephens still knew next to nothing about venture capital, but he’d warmed up to the idea, especially after the birth of his first child. An investor’s schedule seemed vastly favorable to the unrelenting hours he’d been putting in at Palantir. He accepted, feeling it was “as good a time as any to transition.” Little did he know that within a matter of years, he’d look back on the hours Palantir required as the equivalent of a “lifestyle job.”

But first, there were three and a half years of learning the venture craft. At Brian Singerman's advice, Stephens committed to take 500 pitches in his first year, ending his first twelve months with 504 under his belt. "It was a crazy pace," he said. "There's no reason to meet with that many companies unless you're in your first year of venture capital. But eventually, you start to be able to make a decision in five minutes. You can sit in a meeting and say, 'This is a definite no.' And occasionally, very occasionally, you meet someone and you start feeling that flutter of 'There's something special.'" Stephens experienced that twice his first year, falling in love with Flexport and Qadium (renamed Expanse and now Cortex Xpanse), a security startup. The latter sold to Palo Alto Networks for $800 million in 2020.

While Stephens immersed himself in tech's vast salmagundi of sectors, his mind inexorably returned to matters of national security: *Why hadn't anyone built a modern defense prime for the software era?* If America was to remain a global superpower, Stephens knew its military needed continued innovation. He set his sights on finding a startup to back. He met with more than a hundred but came away from those conversations believing that none had the correct approach. And so, in 2017, he set out to build a company of his own — while retaining his role at Founders Fund.

The result was Anduril, co-founded by Stephens, Palmer Luckey, Brian Schimpf, Matt Grimm, and Joseph Chen. It is America's most consequential and valuable defense startup since SpaceX, with a recent fundraise reportedly valuing the company at $30.5 billion.

Anduril: The Business of Defense

MARIO GABRIELE • JULY 17, 2022

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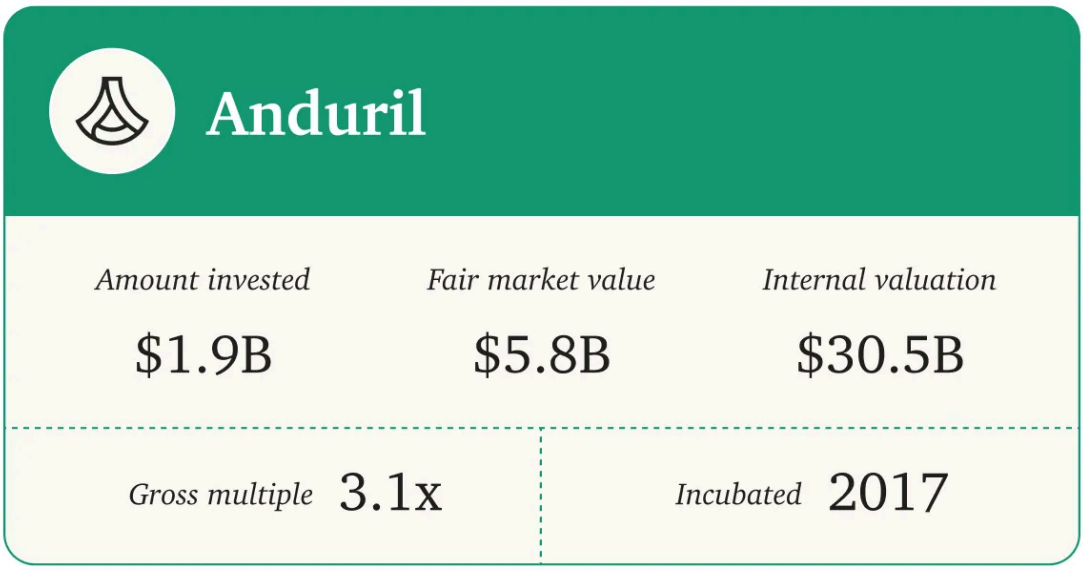
As you might expect, Founders Fund was Anduril's first backer and is its largest external shareholder. It has invested $1.4 billion in the company, the most the firm has ever invested in a single startup. The latest figures show that stake is currently valued at $5.3 billion.

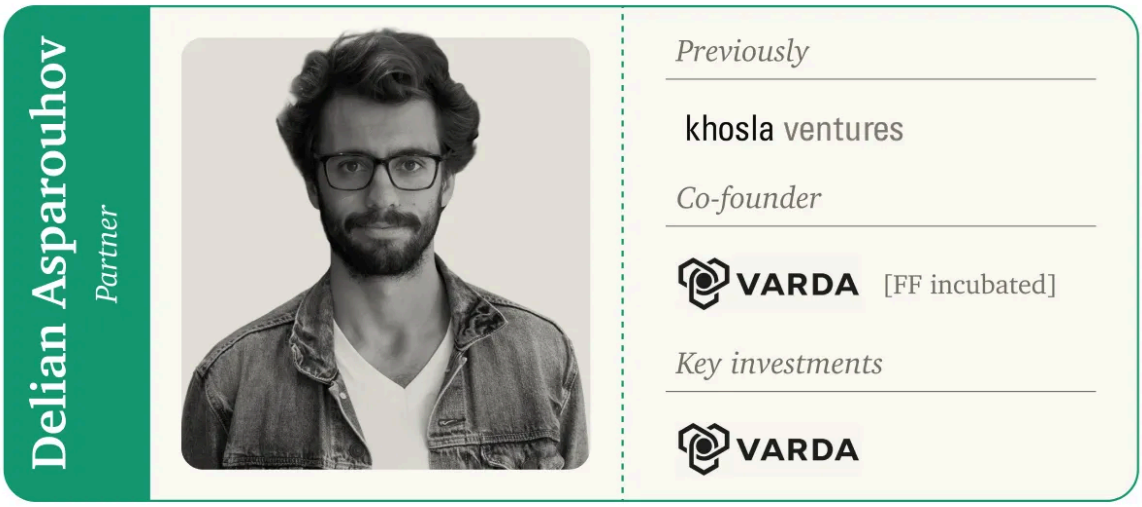


Space, drugs, arms, and uranium

Varda looks like the firm's next homegrown success. Founded in 2021 by partner Delian Asparouhov and SpaceX engineer Will Bruey, Varda is another example of Founders Fund's creativity and ambition.

Born in post-Soviet Bulgaria, Asparouhov's family had emigrated to the United States in the mid-1990s. As a child, he'd shown a remarkable proclivity for mathematics, benefiting from the tutelage of his statistician father. He competed regionally in the U.S. and spent one of his summers training alongside Bulgaria's mathematics and informatics national teams.

In early high school, though, Asparouhov's interests began to change. He found himself increasingly absorbed by robotics and space. Friends would later remind him that as early as 9th or 10th grade, he'd spoken about the commercial promise of space manufacturing.



Beyond it being undeniably cool, you might wonder why anything should be manufactured extraterrestrially. Space's unique properties afford unusual advantages. Materials mix and interact differently in zero gravity, for example, and extreme temperatures can prove useful for certain processes. Because of the costs involved in bringing materials to space, low-orbit manufacturing has been considered an intriguing prospect for high-value pharmaceutical products and semiconductors. As the final frontier opens up, manufacturing items intended for space *in* space — satellites, for example — is also expected to become economically advantageous.

Asparouhov could not have fully considered the nuances of this as a high schooler, but he was sold on the need and promise. "I really wanted humanity to have a multiplanetary future," he said, "but especially one with anti-communist ideas because of my upbringing in Bulgaria. I didn't really believe that state governments would be the way that happened. Ultimately, it needed to be a private industry, and obviously private industry is fundamentally motivated by profits. That's why I was obsessed with the idea of: *How does one make profits in space?*"

Asparouhov maintained that interest through two years at MIT, early entrepreneurial forays, and a budding venture career. Space tech was never his primary focus but a steady obsession that took him to wonkish aerospace conferences and consumed his nights and weekends. In the process, he gained a greater appreciation for the challenges of building commercially viable space companies. "I started meeting with a

lot of founders operating in the space and learned how difficult it was to pull off these types of businesses," Asparouhov said. That began to erode his enthusiasm. "I got somewhat disinterested in the idea for a time, given how complex it was."

An event at the end of 2019 reignited his excitement: SpaceX's Falcon 9 rocket launched and landed four times in a row. It was a breakthrough, showing that reusable rockets were viable. Suddenly, the heavens looked exponentially more open. Asparouhov reached out to friends in the industry to validate his reading. How reusable were these rockets? Could the Falcon 9 take off and land 40 times in a row, rather than just the four it had demonstrated? "The resounding feedback I got was, 'There's no reason we can't get to 40.'"

The Falcon 9 Block 5 launch (SpaceX)

With renewed vigor, Asparouhov set out to find an investable company. In early 2020, he brought a number of space manufacturing companies to meet with his partners

Scott Nolan and Trae Stephens, hoping to write one of them a check. The trouble was that all of the startups the team spoke to wanted to conduct their manufacturing on "human-rated stations," structures like the International Space Station. Asparouhov felt that didn't make sense. "You have to make things as cost-effective and high-value as possible," he explained. "I was obsessed with the idea that this wasn't going to happen on a human-rated station. It's just too expensive — it throws the whole equation off and kills any potential profits. I was obsessed with doing it fully autonomously." He tried to convince the founders he spoke with to embrace his approach. "I pitched a lot of these groups on this type of architecture with the offer of 'What if we funded you with $10 million?' The resounding answer was, 'We're not interested in doing this, NASA won't fund this, and so your $10 million isn't enough. Take your check elsewhere.'"

Like Stephens a few years earlier, Asparouhov felt he had no other options. If he wanted to see his vision for space manufacturing come to life, he would have to build it himself. In the midst of COVID, he took the plunge, recruiting co-founder Will Bruey and raising $9 million in seed money from Founders Fund and Lux Capital.

Varda is far from the finished article, but in the intervening five years, it has made significant progress. It has conducted three successful missions, processing the antiviral drug ritonavir in orbit. Its fourth mission is currently in process. To date, it has announced two further fundraises, with its $90 million Series B led by Caffeinated Capital.

General Matter is the latest company co-created by a Founders Fund partner. In 2024 Scott Nolan took the wraps off his uranium enrichment startup. Given it is less than a year old, there is not much to be said about the company, except that — like Anduril and Varda — it is addressing a massive, difficult, and capital-intensive problem. General Matter hopes to bring economical nuclear fuel production to the U.S., raising $50 million from Founders Fund to do so.

Though Founders Fund does not have a dedicated incubation strategy, there is a kind of foundational style. It can be broken down into four basic steps:

1. **Notice an overlooked, existential problem.** Stephens, Asparouhov, and Nolan have not chosen to build B2B SaaS companies or spin up an inane memecoin. They spotted massive, consequential problems that seemed in need of innovation.
2. **Search for an existing solution.** Founders Fund is a reluctant incubator. Its partners seem to do so only after looking for startups to invest in, even going so far as trying to persuade existing teams to pursue their approach. There's an added benefit of this step: it gives the partners a chance to scan the competitive landscape and understand the state of play.
3. **Find exceptional co-founders.** When the partners fail to find a viable alternative, they build a business of their own. To do so, they use their networks and sway to pull in exceptional co-founders like Palmer Luckey, allowing them to stay on at Founders Fund as active investors. If they were not able to secure such elite executive talent, the methodology simply would not work.
4. **Capitalize it from Founders Fund.** This is the easier part of the maneuver. Once they've selected an important space, scanned the competitive landscape, and pulled together a great founding team, Founders Fund writes a check.

The impact of Founders Fund's incubations is profound. Most obviously, they have given the firm a way to deploy more than a billion dollars of its capital toward high-quality, philosophically aligned businesses that it could not find elsewhere. In a competitive venture environment, Founders Fund has essentially found a way to generate a cornered resource — a new batch of promising startups that it controls. It can put as much of its own money to work in these companies as it would like and still offer access to friendly peers like Lux, Caffeinated, and Khosla Ventures.

Each of these companies increases the brand recognition of the firm and individual partners. It also allows each of them to engage with proximate startups differently. Trae Stephens can have a higher-fidelity conversation with a young defense entrepreneur than probably any venture capitalist in the world, for example. Similarly, Delian Asparouhov's work with Varda gives him the unique insights and network to assess other space and industrial startups. "There are many times where it's advantageous to wear both hats," Asparouhov said. "By doing that, you sometimes

unlock moves you couldn't make if you just wore one. For example, Varda is a great early customer for early-stage aerospace tools and software. "[Because of that,] my ability to diligence startups both network-wise, and very practically seeing if the solution is valuable, is phenomenally helpful."

MAGA

By the time Stephens broke ground on Anduril, Founders Fund had officially embarked on a new era. In 2016, two new partners joined: Cyan Banister and Kevin Hartz.

Banister had been a part of Thiel's network for some time. Her husband, Scott Banister, had been an early investor and board member at PayPal before founding IronPort, the anti-spam company Ken Howery and Thiel had backed. Cyan Banister had met her husband at IronPort, where she'd risen through the ranks. When the company sold to Cisco for a little shy of $1 billion, she found herself with an unexpected windfall, which she used to start angel investing. Banister showed an immediate aptitude for it, writing early checks in SpaceX, Uber, and DeepMind. That track record led TechCrunch to name her and her husband "Angel Investors of the Year."

Kevin Hartz and Thiel went back even further, overlapping at Stanford when Hartz was an undergraduate and Thiel was getting his J.D. Others Thiel met on campus included David Sacks and Keith Rabois. Though Hartz didn't follow them to PayPal, he did enter fintech, launching the international remittance platform Xoom in 2001, remaining as CEO until 2005. The year after, he co-founded Eventbrite with his wife, Julia Hartz.

Neither Hartz nor Banister stayed long, with both spinning off to launch firms of their own in the following years. Hartz left in 2018 to launch A*, while Banister co-founded Long Journey Ventures in 2020.

Nevertheless, the addition of the duo seemed to precipitate a pair of departures. In 2017 Geoff Lewis launched Bedrock, while co-founder Luke Nosek created Gigafund. In its initial conception, Gigafund was solely dedicated to raising capital for SpaceX. It seems to have become a more varied vehicle over time, funding Musk's other businesses, like Neuralink and The Boring Company, alongside insurtechs and, whimsically, a Greek-Mexican fast casual restaurant.

More than personnel changes, Founders Fund's new era came to be defined by its leaders' extracurricular activities. In 2016 Peter Thiel came out in favor of then-Presidential candidate Donald Trump. He followed that up with a wide-eyed speech at the Republican National Convention and a $1.25 million donation to friendly super PACs. By Thiel's standards it was a piddling amount, but sufficient to demonstrate his support.

In many respects, endorsing Trump was a classic Thiel trade. Here was a candidate the establishment considered a joke, with close to zero chance of making it to the White House. Why not take the other side of the bet? In the apricot *Apprentice* host, he saw a disruptive outsider capable of shocking Washington D.C. from stagnation.

In a later interview, Thiel would speak about Trump's famous slogan in a manner that seemed to describe so many of his own bon mots. "The most offensive thing he said —

it was very offensive, not just to Democrats and Republicans, [and] especially to Silicon Valley — was 'Make America Great Again' because that was a *pessimistic* slogan. It was the most pessimistic slogan any major Presidential candidate ever had, because what it says implicitly is 'This is no longer a great country.'" For the investor who had spent decades imploring contemporaries to recognize that the once-dreamt-of future had never arrived, that message carried real weight.

Thiel occasionally shows a vulpine delight in attention, but Silicon Valley's immediate response to his endorsement could have brought little pleasure. Virtually overnight, Founders Fund was cast as a pariah, a symbol of ugly illiberalism. Never mind that many at the firm did not share Thiel's views.

When Trump won, the pressure mounted. A *New York* magazine headline declared "Peter Thiel Is Poised to Become a National Villain." Internal disagreements spilled out into the public, with Geoff Lewis, a partner at the time, writing: "A world in which President Trump makes any sense at all is not the world I want my grandchildren to inherit… How quickly principles trade for but a roll of the dice at the roulette wheel of a baking kleptocratic pie." Entrepreneurs reportedly began turning down introductions to the firm; some who took meetings used them as a chance to quiz the partnership on immigration issues.

Founders Fund portfolio companies deemed to have a MAGA flair, such as Anduril and Palantir, faced similar hostility. It did not seem to matter that both were driven to defend America's national interests regardless of which party was in office. Palantir's CEO, Alex Karp, a frequent Democratic donor, later reflected on the impact of Thiel's endorsement: "Because Peter had supported Mr. Trump, it was actually harder to get things done."

Thiel's enthusiasm for Trump waned quickly; it seems to have intermittently spiked and ebbed since without reaching quite the same orotund peak. Less than a year after the election, reports suggested Thiel had been disappointed by Trump's tenure. By 2023, Thiel was describing Trump's first term as "crazier" and "more dangerous" than he'd imagined.

But as Thiel's zeal cooled, Silicon Valley's began heating up. In 2024 it burst into flame, with a slew of prominent tech figures endorsing Trump's new presidential bid, led by Marc Andreessen and Ben Horowitz. (Horowitz later reversed course, donating to Kamala Harris.) Seemingly overnight, the industry's tenor changed. Once it was verboten to utter Trump's name; until very recently it was a faux pas to speak against him with the President's blow up with Elon Musk somewhat thawing affections.

It was another strange vindication of Thiel's macro prescience. He had spotted Trump's appeal long before the establishment considered him a credible candidate, and years before Silicon Valley peers adopted his perspective.

Even if Thiel no longer publicly champions Trump, he seems privately supportive. He may not have attended the 2025 inauguration, but he threw a party in D.C. the weekend before, uniting power players from tech and the public sector. Attendees included Sam Altman, Donald Trump Jr., JD Vance, Travis Kalanick, and Ken Howery.

Howery represents a particularly direct, enduring link between Trump and Founders Fund. After 14 years at the firm, Howery left in 2019 to become Ambassador to Sweden. He appears to be headed back to Scandinavia, with Trump nominating Howery to become Ambassador to Denmark — a key role given the new administration's desire to annex Greenland.

As noted at the outset of this series, Howery is far from the only government official with ties to Thiel and his constellation of companies. Beyond JD Vance and Elon Musk, other key figures include PayPal alum David Sacks (now "AI and Crypto Czar") and ex-Clarium CFO Michael Kratsios (Assistant to the President for Science and Technology).

Thiel's MAGA dalliances are an important chapter in the Founders Fund story. Now that Trump has re-ascended to the nation's highest office, they deliver both tangible and perceptual benefits.

Tangibly, Founders Fund is better placed to help many of its largest positions and win the next generation of similar startups. SpaceX, Palantir, Anduril, and Varda all serve

the government and rely on lobbying to win large contracts. It is unlikely to harm their chances now that a friend of the firm has been installed as Vice President. Promising startups with a similar go-to-market motion will recognize this benefit; no other firm can promise as direct governmental access, should it wish to yield it.

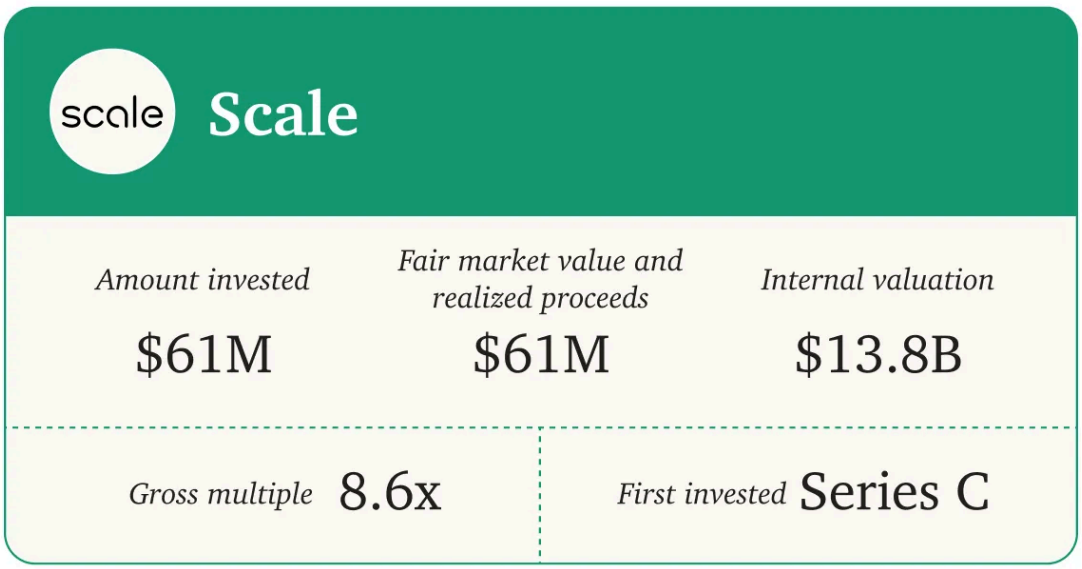
Naturally, if this access is abused, it could cause lasting reputational damage to all involved. Already, Founders Fund's close ties have sparked controversy, with a member of the House Oversight Committee investigating whether portfolio company Ramp received preferential treatment in its bid for a $25 million federal contract.

The perceptual benefits may be even more significant. The industry and country has shifted toward Founders Fund's worldview, taking on Thiel's 2016 talking points as their own. For the moment, at least, the upstart carries the authority of an incumbent.

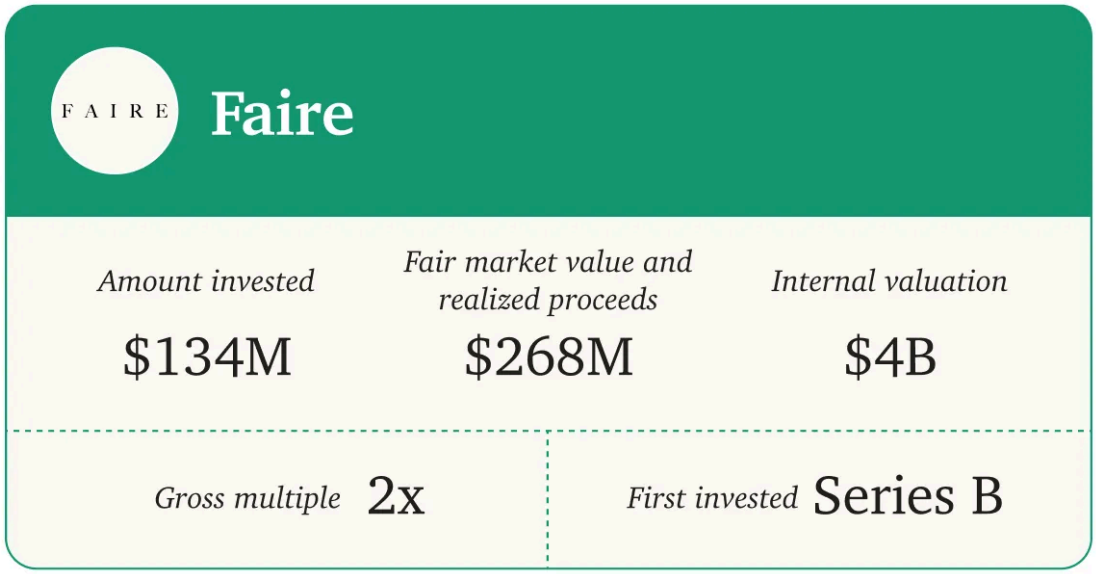
Late movers

Founders Fund has done an exceptional job of spinning up its own businesses, but it has not lost a step as a traditional investor. Even as its reputation took a hit in the wake of Trump's first term, it continued to spot exceptional businesses. Many of its best investments post-election were later-stage, reflecting the capabilities Napoleon Ta and lieutenant Matias van Thienen unlocked.

In 2018, for example, Founders Fund made two strong growth bets in wholesale marketplace Faire and data labeler Scale AI. Both have become significant positions, if still small compared with the firm's stake in SpaceX or Anduril. In total, Founders Fund invested $61 million in Scale, worth $526 million on the books. However, the firm's figures value Scale at $13.7 billion, less than half the $28 billion at which Meta is mooted to be purchasing 49%.



Founders Fund has invested $134 million in Faire, valued at a more modest $268 million, based on a $4 billion valuation. During the 2022 bull run, it was valued at $12.6 billion.



Peter Lacaillade offered an interesting note on that topic. According to the LP, Founders Fund was particularly aggressive in marking down its positions in the aftermath of the bubble. “I had other VCs mark Faire between $6 billion to $9 billion, and Founders Fund marked it down to like $3 billion,” he said. “There were people

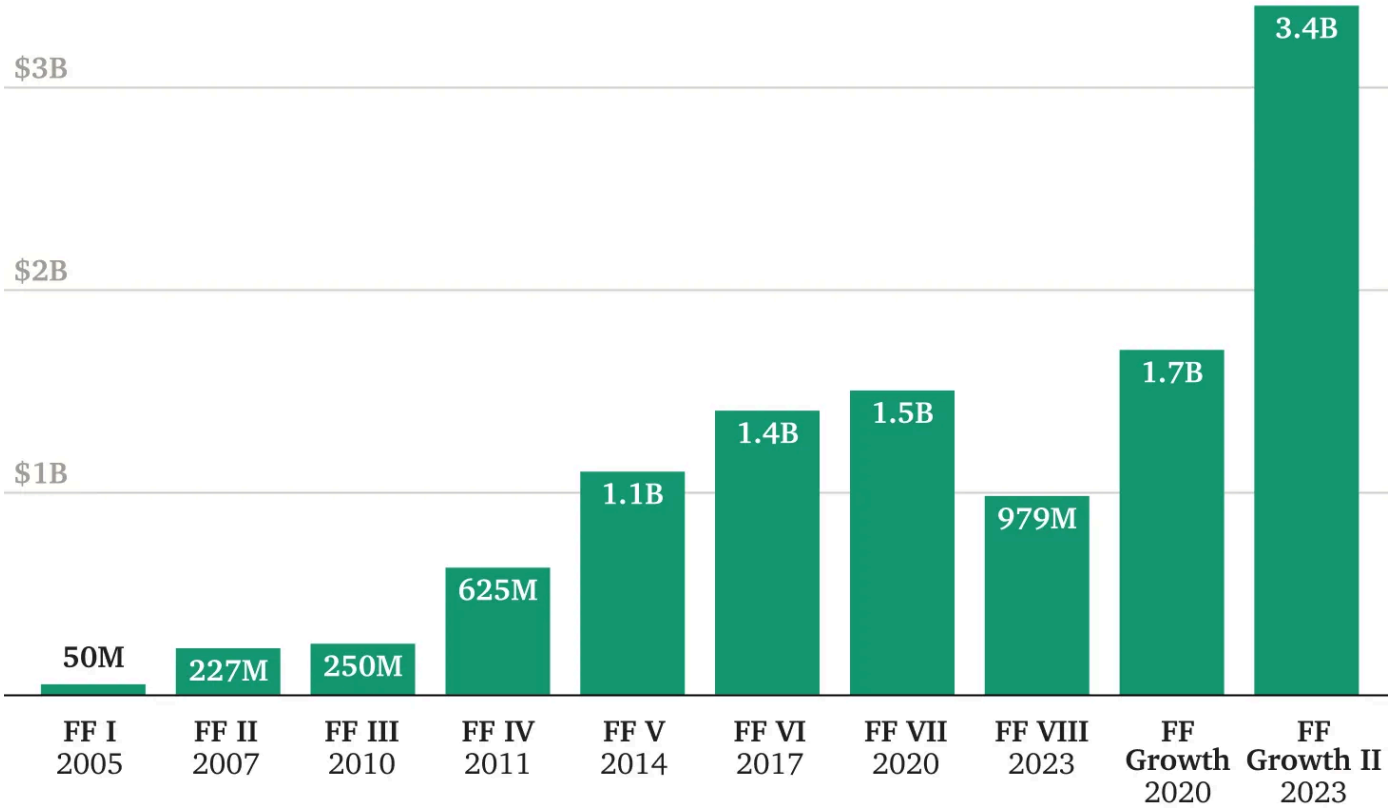
trying to be thoughtful and marking down their companies proactively without rounds being done, just to reflect some level of reality. I appreciated that Founders Fund took it to a different level."

As Lacaillade noted, not only did this rigor impress LPs, it served as a recalibration for Thiel's team. "I think Peter really wanted to reset the mentality." As part of that push, Founders Fund ended up downsizing its eighth flagship fund from $1.8 billion to $900 million in recognition of the new capital environment. (It did not return the remaining capital to LPs but pushed it into Fund IX, which activated once Fund VIII was fully deployed.)

G

Shrewd Scaling

Founders Fund's vintages over time, $



Another major late-stage bet arrived in early 2020. At the beginning of that year, Ta reached out to Rippling founder Parker Conrad. It was an overture that surprised

Conrad, given his history. Four years earlier, he had been ousted from his CEO role at Zenefits and replaced by investor and COO David Sacks.

Ostensibly, Conrad was pushed out because of Zenefits's failure to comply with legally required training courses. Conrad and Zenefits ultimately reached a settlement with the SEC, without admitting any wrongdoing.

Many in tech refer to the events as much more Machiavellian. Conrad famously referred to his defenestration as a "coup," while Y Combinator founder Paul Graham called Sacks's intervention "the worst case of an investor maltreating a founder that I've ever heard, and I've heard practically all of them."

Whatever the reality, after Conrad had left, Sacks brought in his old friend Peter Thiel — who had invested in Zenefits's prior round — to serve on the company's board. It gave Conrad the sense that in his Manichaean battle with Sacks, Founders Fund sided with darkness. "There was a weird sense that they were on the other side of the table," Conrad said. "It's probably true that I didn't approach Founders Fund at our seed or Series A because I didn't know where I stood."

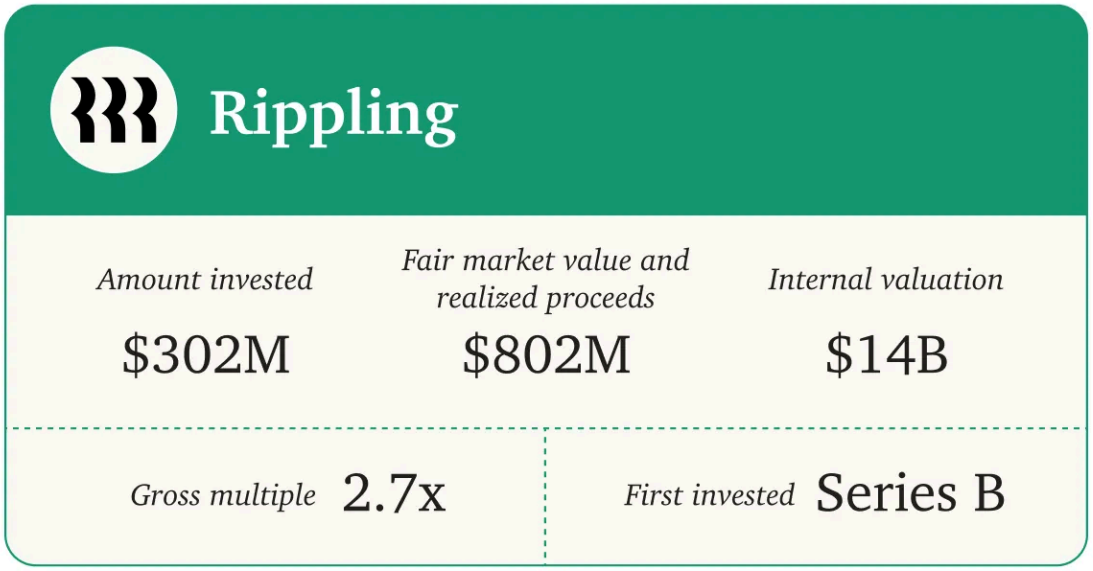
Now Founders Fund had approached him. In March 2020, Conrad visited the firm's office to meet the general partnership. They ended the conversation with the outline of a deal: Founders Fund would invest at a little above a billion-dollar valuation. "It wasn't a term sheet yet," Conrad said. "It was just something they had floated."

It was the last in-person meeting either party would have for some time. Days later, COVID's outbreak shuttered offices and sent the economy tumbling. With the markets in free fall, Founders Fund revised its offer. "They said, 'Eh, we'll do it but at a very different price,'" Conrad said. "And we said, 'No way.'"

The deal fell apart, at least for a time. In August of that year, Founders Fund recognized its mistake and came back to the table. This time, Conrad agreed to its terms, shaking hands on a $145 million Series B that valued Rippling at a $1.35 billion valuation. Since then, Rippling has gone from strength to strength, recently raising a

Series G at a $16.8 billion valuation and, in a titillating side quest, honey trapping a corporate spy.

Founders Fund has concentrated $302 million in Rippling, held at $802 million internally, though it is likely more valuable now.

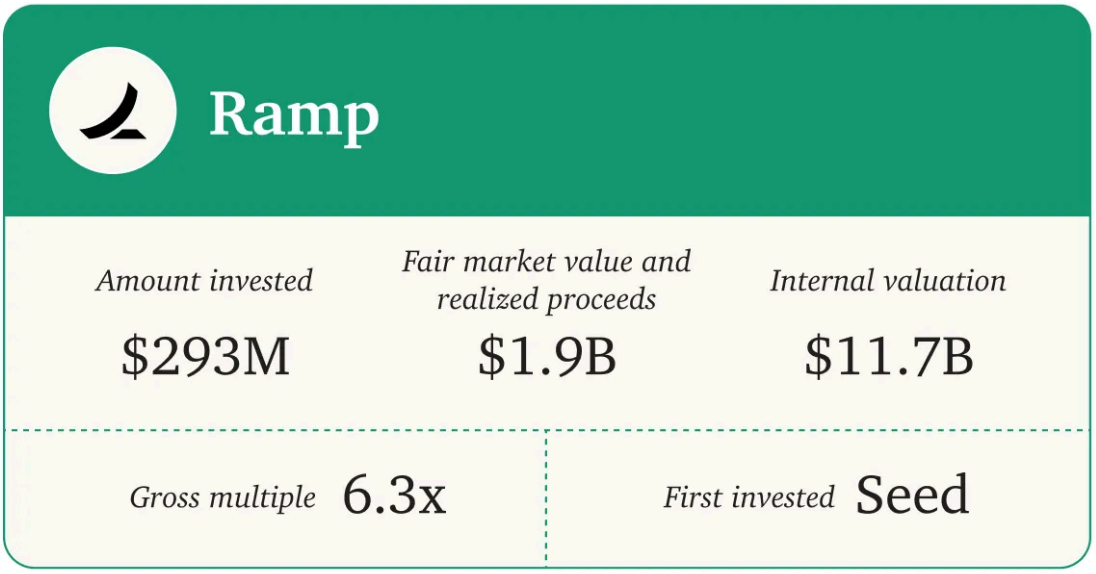


Founders Fund's investment in Ramp was an early-stage bet. The company itself, however, is a quintessential late mover. Competitors like Brex had offered credit cards and expense management to startups for years by the time Eric Glyman, Karim Atiyeh, and Gene Lee founded their business. As Glyman said, that befuddled many of the VCs they spoke to. "The reaction that most people would have was: 'Aren't you years late to this market?' That was never, ever a question for Founders Fund."

Thiel's firm had Delian Asparouhov's video game addiction and Keith Rabois's discernment to thank for the deal. Asparouhov met Ramp's Atiyeh playing Fortnite in 2019. The pair developed a friendship, such that Atiyeh told Asparouhov he would be playing a lot less in the coming years as he worked to get his newest business off the ground. Intrigued by the Ramp founders' background, and their vision to save companies money via an intelligent expense management system, Asparouhov brought them in to meet his then-boss, Keith Rabois. "Literally on the spot in the meeting, I

said, ‘Delian, very good, you found the right ones. We’re doing this,” Rabois said. “We gave them a term sheet that day.”

Since that initial check, Founders Fund has invested nearly $300 million in Ramp for a stake now deemed to be worth $1.9 billion. Given the fintech’s steep trajectory, there’s every reason to expect it to be worth considerably more in the coming years.

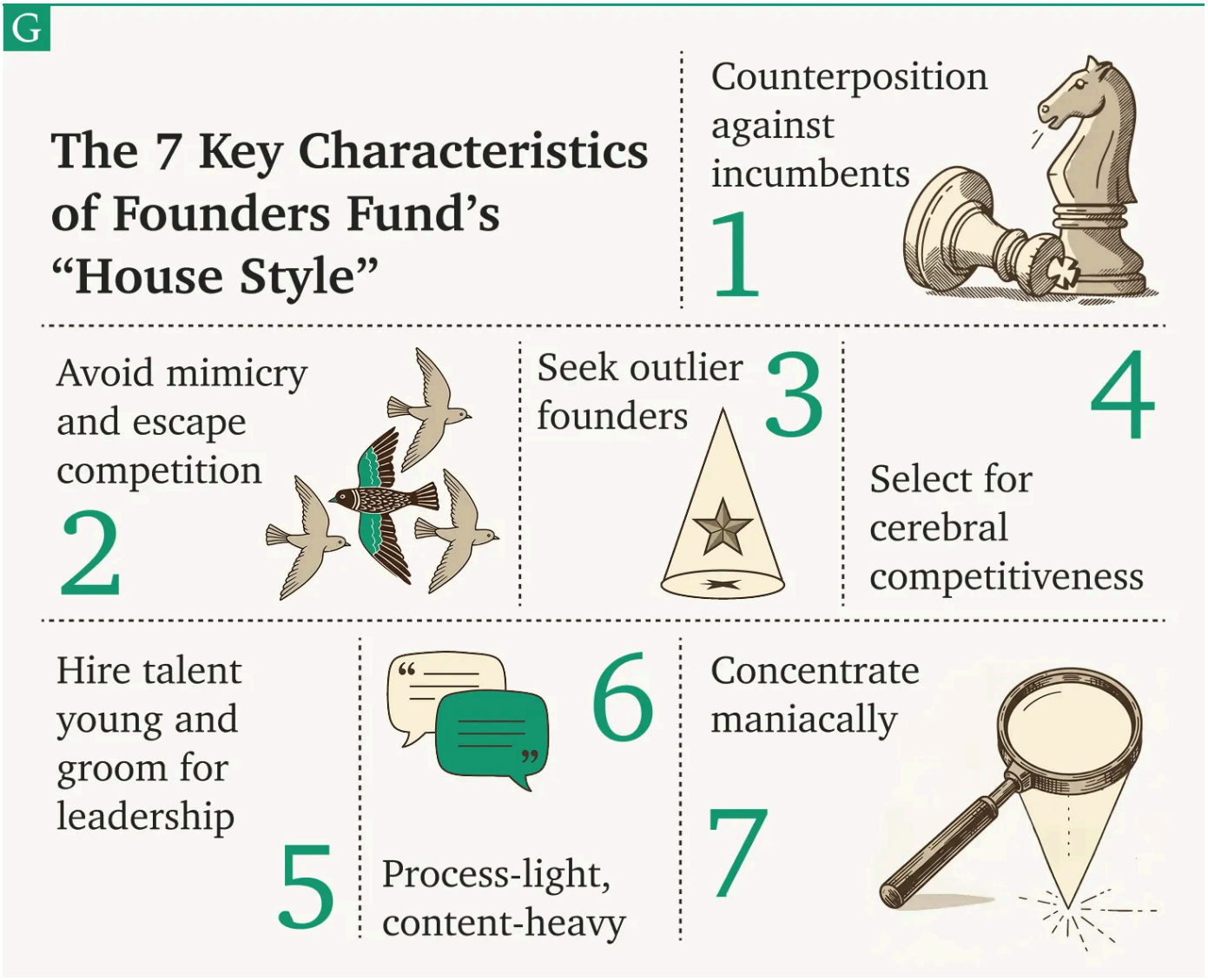


House style

It should be clear by now that Founders Fund does not follow the conventions of a traditional venture capital firm. But what qualities define its operational and investing style? How has it grown into such a dominant force in the industry? Seven aspects are particularly worth discussing:

1. Counterposition against incumbents
2. Avoid mimicry and escape competition
3. Seek outlier founders
4. Select for cerebral competitiveness
5. Hire talent young and groom for leadership

6. Process-light, content-heavy
7. Concentrate maniacally



Counterposition against incumbents

As we've outlined in some detail, one of Founders Fund's shrewdest decisions was to draw a stark contrast between it and Silicon Valley's traditional power players. It made siding with entrepreneurs a core part of its identity at a time when doing so was unusual, winning the respect of the next generation's builders.

Even as the asset class moved to replicate this "founder-friendliness," Thiel's firm has maintained its differentiation by investing in unusual categories, its penchant for

sharing polarizing opinions, and its willingness to openly duel with fellow practitioners. By doing so, they signal their intensity and independent thinking to entrepreneurs — traits for which current VCs are not always known.

Avoid mimicry and escape competition

Founders Fund escapes competition by picking sectors that few others are interested in. When it invested in SpaceX in 2008, few other investors considered commercial spaceflight viable. When it backed DeepMind in 2010, artificial intelligence was little more than a subject for academic research. When it incubated Anduril in 2017, Silicon Valley convulsed with social opprobrium. By embracing these unpopular categories first, Founders Fund avoids competition, invests at superior prices, and reaps outsized rewards.

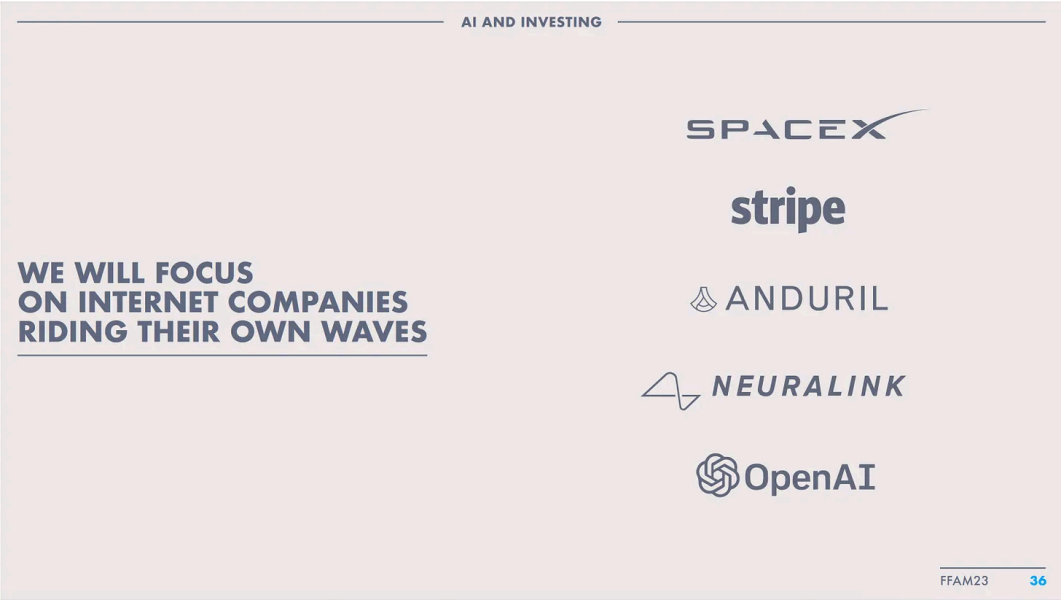
Just as important as leaning into unfashionable sectors is Founders Fund's habit of pulling out of sectors growing unbearably hot. As we noted, despite snagging Facebook, Thiel eschewed many later social winners as Silicon Valley descended into mass mimesis. This is the opposite approach many other firms take; once a shop establishes its "right to win" in a certain category, it exploits it to the fullest extent. Under another investor's leadership, Founders Fund might have chosen to become "the social media firm," narrowing its identity and focus.

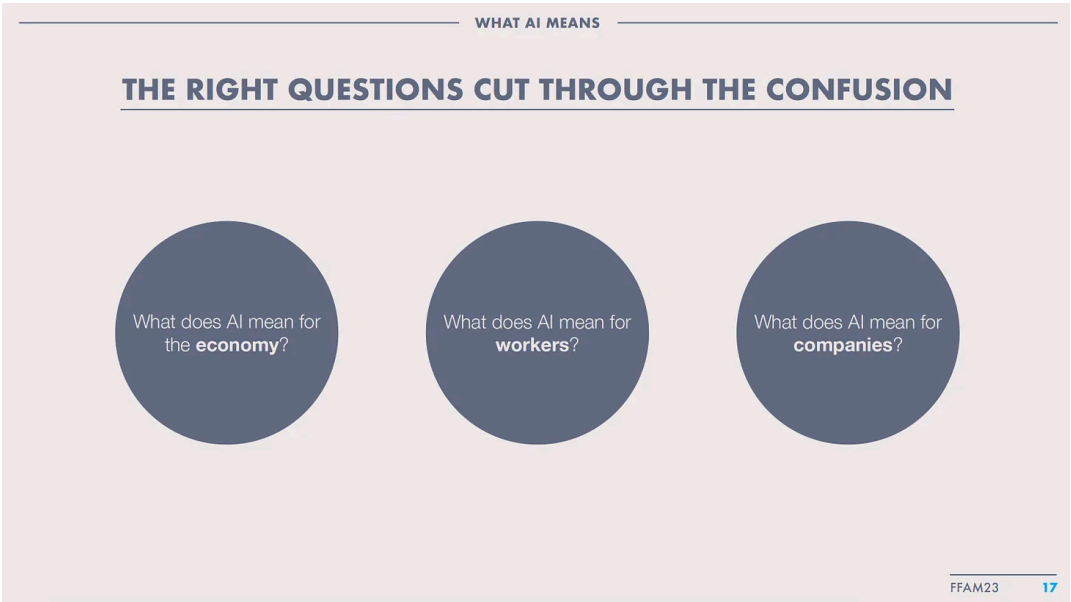
What's especially impressive is that Founders Fund has arguably won the "right" to dominate several buzzy sectors that it, instead, moved on from. If it had wished to, it could have used its excellent early investments in bitcoin and Ethereum to build an incontinent crypto practice, raising a large dedicated fund and spraying it about during the industry's various run-ups. Instead, it has mostly steered clear, though Joey Krug's addition suggests more investments lay ahead. "Peter believes that our industry does itself a disservice by raising biotech funds, AI funds, crypto funds," Gross said. "By definition, you end up doing what is *relatively* best within that given sector or stage versus what's *absolutely* best across the board."

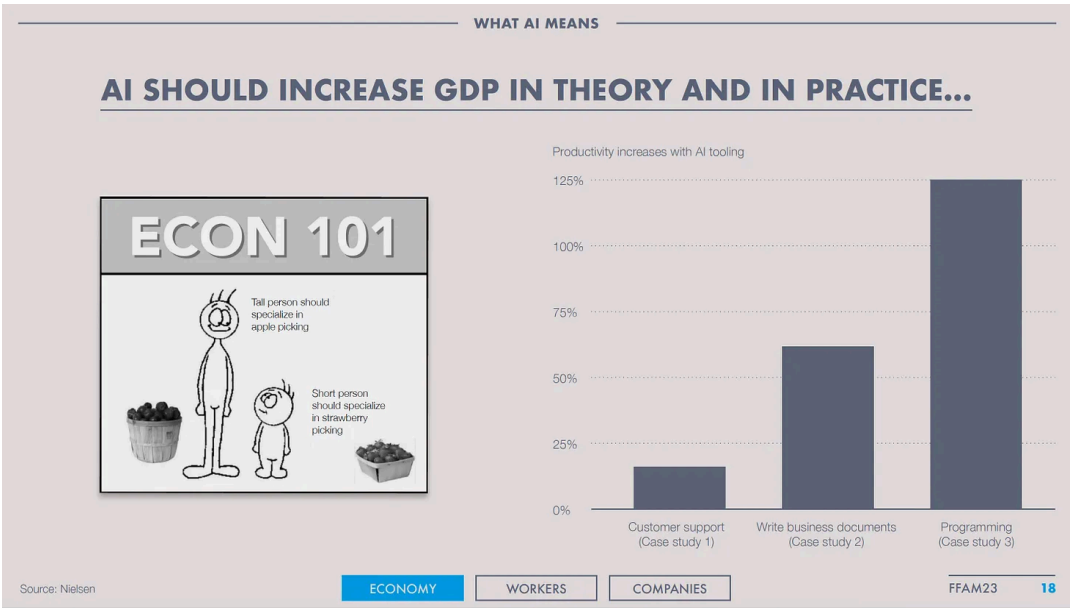
Given the current market excitement, Founders Fund's posture toward AI is especially interesting. As mentioned, Thiel had a better line of sight to capitalize on the current

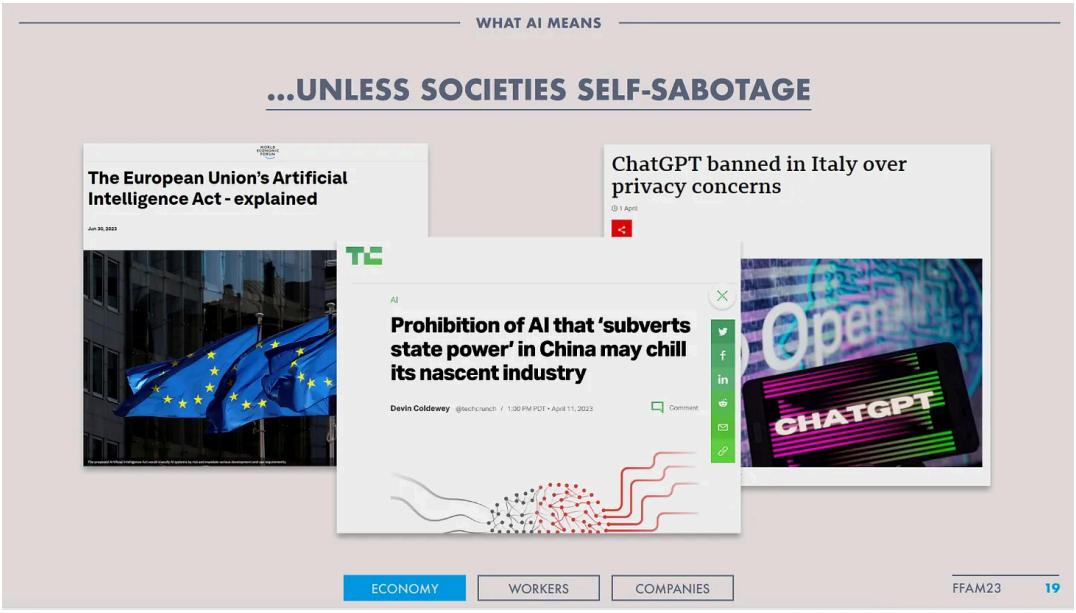
moment than nearly anyone else, with the bet on DeepMind and his early affiliation with OpenAI cementing the firm's bona fides. Yet Founders Fund has abstained from most AI bets, preferring to concentrate on a selective group.

The firm's 2023 annual general meeting explained its approach. In a series of slides, Thiel derided the "mania of startup mimesis" AI had sparked and the capital incineration occurring at companies like Jasper, Inflection, and Stability.




WHAT AI MEANS
THE RIGHT QUESTIONS CUT THROUGH THE CONFUSION
What does AI mean for the economy?
What does AI mean for workers?
What does AI mean for companies?
FFAM23 17





Slides from Founders Fund's 2023 AGM (Founders Fund)

Rather than participate in the impending "AI arrogance," Thiel outlined the firm's intention of backing companies "riding their own wave," like SpaceX, Stripe, Anduril, Neuralink, and OpenAI. It is the last of those that represents Founders Fund's biggest bet in the sector, with the firm deploying $238 million into Altman's shop.

Arguably, defense and hard tech have entered similarly imitative territory. It is increasingly common for young, bold entrepreneurs to head for El Segundo, California, to make their fortunes, joining the growing legion of founders devising

new weaponry systems, manufacturing technologies, and other agents of national ambition.

As companies like SpaceX and Anduril have succeeded, and the American mood has shifted, a growing number of firms are not simply open to funding these businesses, but hungry for them. Founders Fund retains a singular reputation in these sectors, but there are many exceptional shops from which to choose. To gain a foothold, many alternative players will be willing to offer preferable terms. Will Founders Fund still focus its efforts here as competition increases and valuations climb? Or will it begin to look elsewhere?

The past suggests it is more likely to move on. To seek out undefended territory. To zig while the rest of the market zags. Where will that be?

By refusing to pigeonhole itself, Founders Fund has ensured that it does not get boxed into a progressively less attractive market and positions itself to front-run the next big opportunity. “What has driven the returns more than anything, outside of concentration, has been our openness to look across sectors,” Gross remarked. “Had we been set on social media, which drove Fund I with Facebook, we would have missed the hard-tech bets of Fund II. Had we been focused there, we would have missed the sharing-economy bets like Airbnb. Peter really pushes the team to be entirely opportunistic.”

Seek outlier founders

Save for those few venture firms that take a purely quantitative approach to the category, every shop looks for exceptional entrepreneurs. Founders Fund seems to do an especially good job on this front, however, identifying generational talents long before the rest of the world knows of them. As Lauren Gross put it, “I think our team is uniquely good and uniquely focused on the question ‘Is this founder an A+?’ Our industry is very good at asking, ‘Is this founder an A-?’ To be clear, that’s a really high bar in all of these categories. But that delta is pretty crucial to producing a trillion-dollar success or $100 billion success. Our team is really focused on it.”

Part of its success is structural. Thanks to his fellowship, Thiel receives a steady stream of young, ambitious builders who may someday go on to build something great. He, and his team, are able to constantly calibrate what "great" truly looks like for the present generation and earn their favor.

More important are the signals that Peter Thiel seemed to recognize before others. For example, Thiel was perhaps the first venture capitalist to highlight the fact that many of the best founders displayed a degree of neurodivergence. In *Zero to One*, he wrote that "the hazards of imitative competition may partially explain why individuals with an Asperger's-like social ineptitude seem to be at an advantage in Silicon Valley." Founders Fund may not be sitting at its pitch meetings with an autism diagnostic checklist, but its recognition of these qualities has helped it spot the promise in characters like Zuckerberg.

Despite its skill in this domain, Founders Fund's team members struggle to articulate *precisely* what it is they look for. "They have some kind of sixth sense for identifying who the best founders are," Flexport's Ryan Petersen said. "I'm not sure how they quantify it, or if they even know how they do it."

Trae Stephens referenced neurodivergence as one possible signal, emphasizing that "it has nothing to do with the neurodivergence itself; it's that having a unique idea subjects you to peer ridicule. And the only way of getting away from your human obsession with peer ridicule is to not care what people think about you, which is a characteristic often carried by people who are somewhat neurodivergent."

He also offered a kind of anti-checklist — the qualities that suggest someone is unlikely to become a great entrepreneur. "'Whiteboard founders' are an example. People that just stand at a whiteboard, write a bunch of ideas down. They have a conviction that they want to be a founder, but they don't have conviction in any of the ideas. That's generally a bad indicator."

There may be loose patterns, but every outlier is exceptional in different ways. Whatever the reality, Founders Fund has developed a remarkably fine attunement.

Select for cerebral competitiveness

If there is one quality that unites Founders Fund's team, it is cerebral competitiveness. It is not just that its investors are smart — though they are to a striking degree — but that they are minded to use their intelligence to *win*.

Peter Thiel is a masterful chess player, by all accounts. Napoleon Ta cleaned up as a poker player. Brian Singerman was reportedly so good at various video games, he might have become a professional e-sports athlete in a different era. Delian Asparouhov sparred on the math circuit. Joey Krug first became interested in investing by using a systematic approach to bet on horse races.

As well as being cerebral, each of these activities is fundamentally competitive. They are player vs. player games: to win, you have to outwit someone else, to definitively defeat them. (When it comes to horse betting, you are outwitting the crowd.) This requires a very different mentality from someone who excels at a solitary pursuit — a soulful poet, or gifted painter. Founders Fund's investors may have these secret skills too, but it is hard to imagine they would succeed as effectively if they did not possess this killer streak.

The Book of Thiel

COMMANDMENT XI

Find Cerebral Gladiators

Who uses their brain for blood sport?
Find intelligent, competitive people
and build your team around them.
If they revel in using their brilliance
for monetary gain, all the better.

The capabilities of Thiel's team can lead to some unusual ways of winning competitive deals. In January 2023, Founders Fund was negotiating terms with the founders of Cognition, a startup building an AI developer. Even for tech, Cognition's team boasts formidable intellectual horsepower; all three of its founders won gold medals at the International Olympiad in Informatics. In an attempt to avoid an impasse during the negotiations, one of Cognition's founders proposed a contest: either he would play Thiel in chess or Ta in poker. If he won, Founders Fund would cede to his demands, and vice versa. "In the end, it didn't come to that," Lauren Gross said. "But it's incredible to have two GPs that can go head-to-head with anyone on an IQ level."

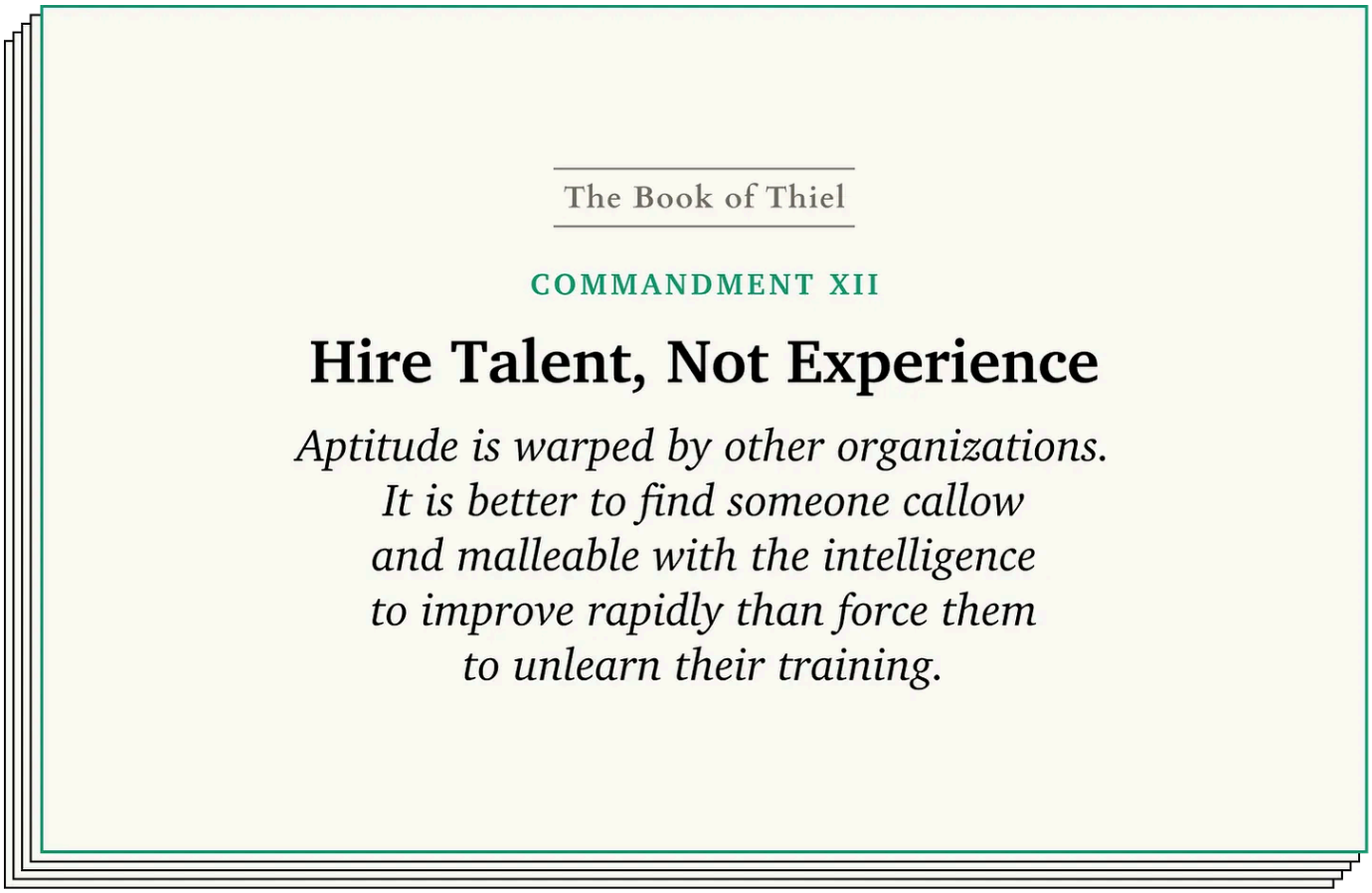
Perhaps because of the raw intelligence on the team, Founders Fund's investors do not have formal specializations. While Joey Krug spends more of his time on crypto and Trae Stephens on defense, there are no fiefdoms, and the expectation is that every investor is capable of analyzing anything that comes through the door. By doing so, Founders Fund avoids the problems that more siloed firms can face: missing deals that fit between two rigid categories, or internecine warring between divisions. "We want

generalists who have their own comparative advantages," Gross explains. "Peter wants someone who can work across sectors and stages — that can look at an Airbnb and help evaluate it and look at a SpaceX and evaluate it."

Hire talent young and groom for leadership

Rather than hire senior investors directly, Founders Fund prefers to spot talent young and train them to become partners. This approach runs counter to many other venture firms, which run time-boxed analyst and associate programs.

"Peter's *strong* preference is to hire juniors and groom them in-house," Lauren Gross said. "He doesn't want them to be warped by other shops." Successes of this approach include Trae Stephens, Brian Singerman, Napoleon Ta, Scott Nolan, and Gross herself. Newer partners Delian Asparouhov, John Luttig, Matias van Thienen, and Amin Mirzadegan are earlier in validating their appointments but show the same direction of travel.


The Book of Thiel
COMMANDMENT XII
Hire Talent, Not Experience
Aptitude is warped by other organizations.
It is better to find someone callow
and malleable with the intelligence
to improve rapidly than force them
to unlearn their training.

Despite its preference for hiring juniors and grooming them, Founders Fund does not operate with a large corps of associates. “One of the things that’s very different about Founders Fund compared to other VCs is that they don’t have a large associate class,” Ryan Petersen said. “Everything is very top-oriented. The people at the top are reviewing deals themselves — they have principals who probably work harder than everybody else and are really smart, but the ratio of those people to senior partners is not what you see at other firms.”

Despite chatter to the contrary, Thiel remains a very active presence at the firm. “Peter is still leading most of their big checks personally,” Petersen noted. “He’s still very involved — I wouldn’t say day-to-day, but anytime there’s an important deal. I’ve seen rumors he’s not, and it’s just not true. He’s on-point, and writing the biggest checks that they do.”

Though juniors work closely with Founders Fund’s partners, they are expected to operate with little to no oversight or management. “You have to be highly proactive, because we’re really not high-structure or high-process,” Gross said. “You have a long leash, and it’s up to individuals to benefit or fail from that.”

That’s in part because many of the firm’s most talented rainmakers are not especially interested, or skilled, in dedicated coaching. “We’ve had great investors that aren’t mentors or managers; it’s not their interest,” Gross said, discussing the firm’s structural evolution. “We needed to find ways to scale the team, knowing that construct.”

To survive, investors are expected to know and develop their comparative advantage. It is not enough to be intelligent, driven, and perceptive — you must bring something new, something uniquely your own, to the table. “Peter is such a believer in comparative advantage,” Gross said. “It’s one of the things I’ve learned most from him, more than anything else, which is: focus on your comparative advantage, and nothing else.”

Hiring senior investors has proved more of a challenge. Cyan Banister, Kevin Hartz, and Keith Rabois all came in as partners but eventually moved on. Rabois stayed the

longest, nearly five years, and his departure attracted the most attention when reported in early 2024. Few details have been shared about the decision behind the parting. According to one LP, cultural differences drove the decision. They referenced the fact that Rabois preferred to have deal discussions take place among senior investors, while Thiel liked to bring in the broader team for conversation. Given Rabois reputation as a consummate operator, Founders Fund's more hands-off approach to portfolio support also made for a tricky fit.

The fact that cultural differences can be quite so significant, even when selecting people from Thiel's orbit, perhaps illustrates why Founders Fund prefers to find people at the start of their investing careers.

Process-light, content-heavy

For years, Founders Fund operated with virtually no structure. No Monday investment committees. No recurring meetings. No regular performance reviews. No strict working hours. Its partners searched for investments independently, convening to assess the most promising discoveries.

The arrival of Lauren Gross galvanized a shift toward a more professionalized firm. Today Founders Fund runs weekly investment meetings and quarterly offsites, and bears many of the hallmarks of a grown-up venture firm. Still, it runs much more leanly than many of its contemporaries, with just 38 employees across investing, legal, finance, marketing, recruiting, communications, and operating. It has not built out a mammoth platform team to support its entrepreneurs, believing that the best founders do not need its help.

Though functional heads report to Gross, they are mostly left to their own devices. "The thing that has made our operating successful is what I've learned from Peter: hire exceptional people and let them do their jobs."

Gross describes Founders Fund's investing methodology as "process-light but content-heavy." Its weekly investment committee encapsulates this approach. These are freewheeling, combative events, in which investors present different opportunities,

pick them apart, and clash over their differences. “It’s a group that loves to intellectually debate,” Gross said. “That’s how we come to our best investment decisions. We don’t really care about checking certain boxes. We care that we really understand this founder, this sector, this problem and have the right people on it.”

What does that look like exactly? As Asparouhov said, the same over-the-top clashes Founders Fund partners get into online are representative of their offline conversations. “I think the firm explicitly selects for people that are very courageous in their willingness to share unpopular opinions, even internally,” he explained. “Part of what makes our investing culture so great is that we’re able to challenge one another. We like to hire people that do not all think the same way.”

Despite the intensity of these conversations, there seems to be a strong sense of camaraderie on the team. “The team genuinely likes each other,” Petersen remarked. “There’s a really good vibe even though the personalities are really different.”

Deep respect and appreciation seems to be critical to making it work. “I regularly critique crypto on Twitter,” Asparouhov said. “And yet I’m very glad that we have Joey Krug as a partner who obviously loves to invest in crypto. I think most firms would actually be quite uncomfortable with that level of tension, where they’re like, ‘Oh no, if we have a crypto fund then everybody at the fund has to be very pro-crypto publicly because we can’t be seen to be critiquing ourselves.’ We can regularly be seen to critique ourselves because we critique ourselves internally and are willing to have that independent thought and courageousness.”

Gross provides the gentle structure, serving as a kind of mediator. “The thing that probably takes up most of my time is serving as a neutral party at the investment table,” she said. “I have no personal agenda. I don’t care if the next investment gets through or doesn’t.”

Concentrate maniacally

“Diversification is protection against ignorance,” Thiel’s bête noire Warren Buffett said. “It makes little sense if you know what you are doing.”

On this, the pair can agree. Thiel's firm is willing to take much more concentration risk than others, ploughing hundreds of millions of dollars into its favorite companies.

As Lauren Gross noted, Airbnb is a particularly strong case study in this respect, with Founders Fund generating a $3.75 billion return on a later-stage investment by writing a single $150 million check. Many funds would not have the stomach for this kind of trade, and, had it failed, it would be reputationally and financially costly.

"There's probably a list of close to two dozen positions where we've put in over $100 million at cost," Gross said. "Our aggregate multiple of those would be over 6x. That's where we've really hit it out of the park — getting those names right, whether it's Stripe, SpaceX, Airbnb, or Palantir. It's in contrast to the standard venture model, which is really built around pro rata."

As noted earlier, Thiel considers pro rata "lazy intellectual thinking," and pushes the team to either size up or down when following on. Founders Fund is up-front with its entrepreneurs that it may not follow on in future rounds, a "positive selection bias," in Gross's view. "The best founders are like, 'I love that game. I'm going to be the one to 5x my business really quickly.' It probably scares off some B players, who think, 'God, I'm really hoping I don't have to go through this every time.'"

Scoreboard

"The cool thing about this business," Brian Singerman remarked, "is that at the end of the day, there's a scoreboard. We all know the scoreboard, our LPs know the scoreboard, the whole entire LP community knows the scoreboard. People can try and pigeonhole you or characterize you in one way, but at the end of the day, the only way we're actually characterized is by the scoreboard in the LP community. [It's] 'Yep, we've got the best returns. Yep, we're winning.'"

If such a scoreboard were public, we would know just how true Singerman's claim is. Has Founders Fund really generated the absolute *best* returns? This alone is not a straightforward question. Best *how*, exactly? The scoreboard tells a story, but it also depends on how you see the game. Do you optimize for cash-on-cash returns or a

fund's multiple? Venture firms operate in different weight classes. Though Founders Fund has raised vintages in the billions, it does not try to deploy the same sheer volume as a16z or Sequoia Capital.

LPs I spoke to were coy though complimentary. All cited Founders Fund among their best-performing funds but were loath to call its returns the outright best. They occasionally named firms they felt were equivalently good, but never anyone definitively better.

What is beyond debate is that Founders Fund's returns are not simply good but extraordinary. It has produced five vintages with gross multiples north of 5x, three above 10x, and one pushing 30x. It has done so with considerable size, 26.6x'ing a $227 million fund and nearly 14x'ing a $625 million. Five of its vintages have already distributed profits, ranging between 9.5x to 2x. With one exception, every vintage has IRRs above 30%. It's worth noting that Founders Fund tends to be conservative with its marks.

Back to Back (to Back)

Founders Fund's performance by vintage

Fund	Size	IRR to LPs	Gross Multiple	Net Multiple	DPI
FF I (2005)	**$50M**	**36%**	9.7	7.8	7.7
FF II (2007)	**$227M**	**31%**	26.5	18.7	18.6
FF III (2010)	**$250M**	**25%**	15.2	10.9	6
FF IV (2011)	**$625M**	**33%**	15	10.8	6.2
FF V (2014)	**$1,100M**	**27%**	5.5	4.2	3.1
FF VI (2017)	**$1,400M**	**28%**	6.3	4.3	0.3
FF VII (2020)	**$1,500M**	**14%**	2	1.6	
FF VIII (2023)	**$979M**	**69%**	1.9	1.5	
FF Growth I (2020)	**$1,700M**	**10%**	1.7	1.4	
FF Growth II (2023)	**$3,400M**	**24%**	1.4	1.2	

If these are not the best returns over the past 20 years, they must be extremely close.

As mentioned above, Founders Fund has made concentration its friend, investing more than $100 million in 23 companies. In total, it has concentrated over $6.5 billion in these positions, **53% of the total historical capital raised up until its latest fund**. The aggregate multiple on this tranche is an extremely impressive 6.6x.

Big Beautiful Bets

The performance of Founders Fund's largest positions

Company	ITD Cost	Current FMV + Realized Proceeds	Multiple
ANDURIL	$1,378M	$5,317M	3.9
SPACEX	$671M	$18,174M	27.1
stripe	$601M	$3,847M	6.4
RIPPLING	$302M	$802M	2.7
Stemcentrx	$300M	$1,048M	3.5
bitcoin	$294M	$1,660M	5.6
ramp	$293M	$1,852M	6.3
KAYAK	$255M	$82M	0.3
Crusoe	$246M	$291M	1.2
OpenAI	$238M	$299M	1.3
flexport.	$222M	$309M	1.4
OSCAR	$209M	$216M	1
workrise	$207M	$344M	1.7
ethereum	$202M	$213M	1.1
affirm	$177M	$925M	5.2
Palantir	$165M	$3,049M	18.5
airbnb	$150M	$3,750M	25
TRADE REPUBLIC	$148M	$197M	1.3
persona	$134M	$142M	1.1

FAIRE	$134M	$268M	2
wish	$119M	$585M	4.9
NEURALINK	$104M	$106M	1
databricks	$99M	$99M	1
Modern Health	$88M	$73M	0.8
Cognition	$84M	$472M	5.6
POSTMATES	$63M	$477M	7.6
scale	$61M	$526M	8.6
	$6,944M	$45,123M	6.5

Looking at Founders Fund's biggest positions, it's striking how effectively the firm has concentrated capital in its best companies. At these marks, only Kavak and Modern Health have depreciated in value, though returning 1x on Oscar remains a misstep.

Kavak in particular looks like a rare error in judgment. (This is not a comment on the quality of Kavak's team or product — just on the timing and terms of the investment.) Founders Fund backed the Latin American used car marketplace in 2021, participating in a pricey Series D.

Kavak: The Drive to Conquer

MARIO GABRIELE • MAY 22, 2021

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Though many of Founders Fund's most valuable positions, like Anduril, have yet to be realized, it has harvested significant gains.

Cashing In

Founders Fund's top positions by distributions

Company	ITD Cost	Distributed	Realized Gains	Multiple	IRR
SpaceX	$671M	$3,763M	$3,692M	27.1	45%
airbnb	$150M	$3,750M	$3,600M	24.9	46%
Palantir	$165M	$3,048M	$2,883M	18.5	36%
bitcoin	$294M	$987M	$1,366M	5.6	150%
Stemcentrx	$300M	$876M	$747M	3.5	65%
affirm	$177M	$855M	$748M	5.2	56%
nubank	$47M	$799M	$792M	17.9	66%
wish	$119M	$560M	$466M	4.9	31%
POSTMATES	$63M	$477M	$414M	7.6	51%
facebook	$8M	$365M	$362M	46.6	107%
asana	$25M	$250M	$225M	10.1	34%
Spotify	$27M	$239M	$212M	9	47%
oscar	$209M	$192M	$7M	1	1%
lyft	$15M	$190M	$195M	14	75%
credit karma	$0.5M	$129M	$129M	252.9	91%
	$2,270M	$16,480M	$15,838M		

Airbnb has delivered the greatest windfall in this regard, yielding nearly $4 billion in distributions. SpaceX is close behind it, which is notable given that Elon Musk's company is still private.

Founders Fund has won. Over the past twenty years, no other firm has surpassed its strange triumph of opinion, reputation, and performance. Led by Thiel's contrarianism and bolstered by a supporting cast of IQ and execution monsters, the Presidio firm has transmuted Silicon Valley's culture, galvanized America's defense and manufacturing industries, shifted the country's Overton window, helped staff a Presidency, and minted tens of billions in returns.

It has done so by wanting something different than its rivals, dancing to its own idiosyncratic tempo. What will it do now that others are mimicking its moves, invading its music with sounds of their own? How does a singular object avoid the suffocating, narrowing grip of being desired?

It is not easy to remain original and successful. The world moves on around you. It takes your best ideas and digests them: *The future has stagnated; startups are monarchies; democracy is disappointing; we need to build in the world of atoms, not bits; we do this thing called "scapegoating"; all, truly all, is mimetic desire, and not one of us escapes from it.*

And so?

The world eats all of this, swallows it whole, and asks: What now?

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Niki Scevak Niki Scevak 3d

Liked by Mario Gabriele

Epic work Mario, and congrats on a generational piece of writing

LIKE (3) REPLY SHAR

1 reply by Mario Gabriele

Mark Infinite Future 3d *Edited*

Liked by Mario Gabriele

Super read, Mario. There's probably a book in this, too, if you ever wanted to go long-form.

I can't help but feel that the "Process-light, content-heavy" section is an underappreciated aspect of Founders Fund's success. So many companies and VC firms could benefit from "hire exceptional people and let them do their jobs." As companies grow larger, more processes are added, and less individual thinking is supported, leading to a decline in performance. I can barely think of a really high performer/creative individual that benefited from loads of structure, process and bureaucracy that befalls many larger companies.

And speaking of Warren Buffett, there's probably more similarity between Thiel and Buffett in their thinking than they'd want to admit: no need for big teams (Berkshire HQ, Founders Fund), think for yourself, avoid the hype of the market/minmicry, high propensity to concentration and hands-off portfolio management to name a few.

LIKE (2) REPLY SHAR

1 reply by Mario Gabriele

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